

**STATEMENT OF  
STEVEN D. AITKEN  
ACTING ADMINISTRATOR,  
OFFICE OF INFORMATION AND REGULATORY AFFAIRS  
BEFORE THE  
SUBCOMMITTEE ON REGULATORY AFFAIRS  
OF THE  
COMMITTEE ON GOVERNMENT REFORM,  
UNITED STATES HOUSE OF REPRESENTATIVES**

July 18, 2006

Chairman Miller, Ranking Member Lynch, and distinguished Members of this Subcommittee, I am Steven D. Aitken, Acting Administrator of the Office of Information and Regulatory Affairs (OIRA), in the U.S. Office of Management and Budget (OMB).

Thank you for inviting me to this hearing and for giving me the opportunity to testify today on OMB's annual report to Congress under the Paperwork Reduction Act (PRA), the Information Collection Budget of the United States Government and our efforts to reduce paperwork burdens on the American people. As way of background, I have worked at OMB for 17 years, most recently serving as Deputy General Counsel before becoming Acting Administrator at the beginning of last month. This is my first appearance before this Committee.

The Federal Government should not require, or ask, the public (individuals, businesses, organizations, State and local governments, and others) to respond to Federal paperwork requirements that are unnecessary, duplicative, or unduly burdensome. Eliminating unnecessary, duplicative, and unjustified paperwork burdens in *existing* collections of information, and preventing such burdens in *new* collections, is one of OIRA's highest priorities. Under the

Paperwork Reduction Act of 1980 and its successor, the Paperwork Reduction Act of 1995, OIRA works with Federal agencies – and reviews their proposed collections of information – to ensure that agencies (1) reduce the paperwork burdens that are associated with *existing* collections of information and (2) impose the least necessary paperwork burden when they issue *new* collections of information.

This year's Information Collection Budget (or "ICB") presents a picture of our efforts to balance the Federal Government's need for information against the burden imposed on the public of gathering that information. We're making progress in reducing the paperwork burdens on individuals, small businesses, and local and state governments. Of the 15 Cabinet departments, 12 achieved net reductions in burden resulting from discretionary actions. This is up from 10 in FY 2004. Examples to improve service to the public include providing customer service support electronically and simplifying agency forms to make them easier to understand and fill out. A number of these examples involve reform of taxpayer forms and other paperwork requirements:

- *Internal Revenue Service (IRS): Form 1041.* IRS redesigned the Form 1041, U.S. Income Tax Return for Estates and Trusts, to streamline the requirements and make it easier and quicker to understand and file. IRS' action reduced taxpayer burden by 18.8 million hours.
- *Internal Revenue Service: Form 8879.* Form 8879, IRS e-file Signature Authorization, is completed when the Practitioner PIN method is used. IRS simplified and streamlined the 2005 Form 8879 by making a number of editorial changes, which reduced paperwork burden by 560,000 hours.

- *Department of Justice (DOJ): Controlled Substances Ordering System.* DOJ issued new regulations to allow the use of its new electronic Controlled Substances Ordering System to detect the diversion of controlled substances and provide customer service support. This agency action resulted in a burden decrease of 1.1 million hours.
- *Department of Agriculture (USDA): Rural Rental Housing Program.* As part of this program, USDA collects information to ensure that Multi-Family Housing (MFH) applicants meet program requirements and repay loans. USDA consolidated thirteen regulations into a single regulation to reduce burden, assure quality housing for residents, improve customer service, and improve the Agency's ability to manage the MFH portfolio. Streamlining these regulations reduced reporting burden by 1.3 million hours.
- *Environmental Protection Agency (EPA): Streamlining of National Pretreatment Program.* EPA streamlined monitoring and oversight requirements for industrial dischargers to sewage treatment plants. This agency action reduced burden by 242,645 hours.

Although agencies made significant efforts to reduce paperwork, the burden overall increased 441 million hours, of which 419 million—or about 95 percent—were due to the implementation of important new and worthwhile statutes, including the new Medicare prescription drug bill and the CAN-SPAM act, which helps prevent the email in-boxes around the country from being flooded from unsolicited commercial e-mail.

In this environment, and in the context of greater agency responsibility under the PRA of 1995, OIRA continues its efforts to enhance its implementation of the PRA, through greater agency compliance and improvements in its information collection approval process.

### **The Information Collection Budget**

First, I would like to summarize some of the information OMB presents in the ICB. OIRA prepares the ICB annually based on data provided by the 27 participating agencies during the year through their requests for paperwork approvals and in response to data requests specific to the ICB. The information presented in the ICB is the result of a collaborative effort between OMB and the agencies to present an accurate description of information collection activities during the past fiscal year and looking forward to the next.

In Fiscal Year 2005, the public spent 8.4 billion hours providing information to the Federal Government or keeping records or passing information on to third parties in response to Federal requirements. Each of these requests or requirements for information and the burden it imposes were approved by OMB after a review by both OMB and the responsible agency to ensure the information collection met the standards of the PRA. These standards include that the Federal Government has a need for the collection, that the information has practical utility, and that the collection would be conducted in the least burdensome manner practicable.

As mentioned, the FY 2005 burden represents an increase of 441 million hours over the FY 2004 burden. Of these 441 million hours, 419 million hours resulted from new programmatic responsibilities imposed by recently enacted statutes. These new statutes include the following.<sup>1</sup>

- The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 accounts for an increase in burden of 224 million hours in FY 2005 and an expected additional 4.7 million hours in FY 2006. This Act established the most important new Medicare benefit in the program's 40-year history: new voluntary prescription drug coverage. As of June 11, 2006, 38.2 million Medicare beneficiaries have comprehensive prescription drug coverage.
- The CAN-SPAM Act accounts for an increase in burden of 116 million hours. This statute regulating unsolicited commercial e-mail requires every unsolicited commercial e-mail to include information about how the recipient can have the sender remove the recipient's e-mail address from the sender's mailing list. The disclosure is a "collection of information" under the PRA and is counted as burden.

Of the 441 million hour total increase during FY 2005, the increase in burden due to actions within agency discretion was only 180,000 hours.<sup>2</sup> However, this small change, in aggregate, does not present a complete picture. As I mentioned earlier, 12 of the 15 Cabinet departments in FY 2005 achieved net reductions in burden resulting from discretionary actions; this was an improvement from FY 2004, in which 10 Cabinet departments achieved net reductions in burden

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<sup>1</sup>Table 2 in the ICB presents additional statutes that increased burden during FY 2005. Appendix B presents specific information about collections related to recently enacted statutes.

<sup>2</sup>The remainder of the 441 million hour increase is due to revised estimates of burden or due to factors that were independent of legislative or administrative action, such as increased reporting that results from increased economic activity or demographic changes. These changes are classified as "adjustments" in Tables 4 and 5 of the ICB.

through discretionary action. In considering the other agencies for which the net burden increased during FY 2005 due to discretionary action, it is important to take into account the benefits that are to be derived from the collection of information—or, in the terminology of the Paperwork Reduction Act, the “practical utility” of the collection. For example, the Federal Communications Commission issued new regulations on “Truth in Billing” in order to make it easier for the public to understand their telephone bills; this requirement resulted in an increase of burden on telephone companies of 2.6 million hours.

### **The Record on PRA Violations**

The ICB also documents the successful efforts of OMB and Federal agencies to reduce sharply agency violations of the PRA. In the late 1990s, many agencies frequently violated the PRA by allowing OMB's approval for their ongoing collections of information to lapse. OIRA staff and officials worked diligently with agencies across the government to address this issue. As a result of these collective efforts, the Executive Branch has completely eliminated the considerable backlog of unapproved collections and has dramatically reduced the incidence of new violations. Appendix C of the ICB documents these violations.

Appendix C also describes additional collections being conducted without OMB approval that were discovered during FY 2005. In most cases, these violations were discovered by the agencies themselves and easily resolved in cooperation with OMB. This list of collections represents a significant success, since it shows the increased awareness within the agencies of the requirements of the PRA and the seriousness with which OMB approaches potential infractions.

## **A New Estimate of Individual Taxpayer Paperwork Burden**

The ICB includes a chapter that describes the new methodology that the IRS has begun using to estimate the reporting burden imposed on individual taxpayers. The new methodology estimates taxpayer paperwork burden more accurately by taking into consideration the remarkable increase in the use of computerized preparation and filing software.

## **Information Technology to Improve OMB Review**

Finally, I would like to update the Subcommittee with information about OMB's new information management system for the Paperwork Reduction Act. As you may know, OMB has been working for several years on a new paperless system for processing PRA information collections. OMB is planning to activate this system next week.

This new electronic system will make OMB's review of information collections more efficient and allow OMB to track more accurately the burden imposed by the Federal Government. The new system will also:

- provide the public with a direct link to forms and other instruments maintained by Business Gateway's Forms.gov, an online catalog of forms;
- provide greater public access and transparency to OMB's review process (which will benefit the public and the Congress); and
- help OMB monitor agency compliance with the Privacy Act and other Information Resources Management requirements.

To expand on those first two points, the public will have direct access to the information collections, including the agency's rationale for the collection and any forms or supporting materials, during OMB review. The public will also have direct access to approved information collections and historical statistics.

## **Conclusion**

In conclusion, I would like to emphasize four points for the Subcommittee.

- While the Federal Government added to paperwork burdens in FY 2005, we are working aggressively to minimize new burdens and are always looking for ways to eliminate unnecessary paperwork burdens through technology and other means.
- Sometimes, the burden imposed by the Federal Government grows because of the Federal Government's need to provide new services and protections for the American people. Most of the increased burden over the past five years has been due to the enactment of statutes, including a one-time surge this year for the launch of the Medicare prescription drug benefit. In addition, Federal paperwork burden grows due to factors beyond the control of agencies, such as increases in population and business formation.
- OMB continues its efforts to ensure 100 percent compliance with the PRA. As the ICB explains, the backlog of inadvertent violations due to a lapse of OMB approval has been eliminated, and the incidence of new violations involving such ongoing collections has also been all-but eliminated.
- OMB will soon roll-out a new electronic information management system that will provide the public and the Congress with more information about Federal information



collections, creating transparency and public access to OMB and agency activities under the PRA.

Thank you very much for the opportunity to testify in today's hearing. I would be happy to answer any questions you may have.